

UNITED STATES DISTRICT COURT  
DISTRICT OF NEVADA

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DURAMED PHARMACEUTICALS, INC.,

Plaintiff,

v.

WATSON LABORATORIES, INC.,

Defendant.

3:08-CV-00116-LRH-RAM

ORDER

Before the court are two motions: Defendant Watson Laboratories, Inc.'s ("Watson") motion to transfer venue pursuant to 28 U.S.C. § 1404(a) (#15<sup>1</sup>) and Plaintiff Duramed Pharmaceuticals, Inc.'s ("Duramed") motion to dismiss and strike counterclaims and affirmative defenses (#38).

**I. Factual and Procedural History**

Plaintiff Duramed is a Delaware corporation with an established place of business in Montvale, New Jersey. (Compl. (#1) at ¶ 2.) Duramed is a pharmaceutical company that provides female healthcare products, including the oral contraceptive Seasonique. (*Id.* at ¶ 2, 9.) Defendant Watson is a Nevada corporation with its principal place of business in Corona, California. (Gwinn Decl. (#15) at ¶ 2; Compl. (#1) at ¶ 3.) Watson is a pharmaceutical company that sells, markets,

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<sup>1</sup>Refers to the court's docket

1 and distributes pharmaceutical products from its principal place of business in Corona. (Gwinn  
2 Decl. (#15) at ¶ 2.)

3 In 2008, Watson filed an amended Abbreviated New Drug Application (“ANDA”) with the  
4 Food and Drug Administration (“FDA”) seeking approval to market a generic equivalent of  
5 Seasonique. (*Id.* at ¶ 3, 4.) The decision to prepare and submit an ANDA for Seasonique was  
6 carried out at Watson’s corporate headquarters in Corona. (*Id.* at ¶ 3.) Studies for Watson’s  
7 ANDA were commissioned and interpreted in California. (*Id.*)

8 Within the amended ANDA, Watson included a “certification of invalidity,  
9 unenforceability, and/or non-infringement” of the United States Patent No. 7,320,969 (“the ‘969  
10 patent”) assigned to Duramed. (*Id.* at ¶ 4.) The FDA’s Orange Book,<sup>2</sup> lists the ‘969 patent as a  
11 patent that could reasonably be asserted against anyone who, without authority from Duramed, sells  
12 a generic version of Seasonique. *See* 21 U.S.C. § 355(b)(1). On March 6, 2008, Duramed filed the  
13 present action in this court, alleging that Watson’s ANDA infringes Duramed’s ‘969 patent.  
14 (Compl. (#1) at ¶ 18.)

## 15 **II. Motion to Transfer**

16 Watson’s motion to transfer asks this court to transfer this case to the United States District  
17 Court for the Central District of California. Because Watson has not shown that transfer would be  
18 in the interest of justice, the motion is denied.

### 19 **A. Legal Standard**

20 “For the convenience of parties and witnesses, in the interest of justice, a district court may  
21 transfer any civil action to any other district or division where it might have been brought.” 28  
22 U.S.C. § 1404(a). The determination of a motion to transfer rests within the sound discretion of the  
23 district court. *Jones v. GNC Franchising, Inc.*, 211 F.3d 495, 498 (9th Cir. 2000) (*citing Stewart*

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25 <sup>2</sup>The Orange Book is a register published by the FDA that provides notice of patents covering name  
26 brand drugs. *Merck & Co., Inc. v. Hi-Tech Pharmacal Co.*, 482 F.3d 1317, 1319 (Fed. Cir. 2007).

1 *Org., Inc. v. Ricoh Corp.*, 487 U.S. 22, 29 (1988)). In determining whether granting a motion to  
 2 transfer is appropriate, the court must weigh several factors. *Id.* The court is free to consider such  
 3 nonexclusive factors as “(1) the location where the relevant agreements were negotiated and  
 4 executed, (2) the state that is most familiar with the governing law, (3) the plaintiff’s choice of  
 5 forum, (4) the respective parties’ contacts with the forum, (5) the contacts relating to the plaintiff’s  
 6 cause of action in the chosen forum, (6) the differences in the costs of litigation in the two forums,  
 7 (7) the availability of compulsory process to compel attendance of unwilling non-party witnesses,  
 8 and (8) the ease of access to sources of proof.” *Jones*, 211 F.3d at 498-99.

9 In examining a § 1404(a) motion, the plaintiff’s choice of forum is entitled to considerable  
 10 weight, *Lou v. Belzberg*, 834 F.2d 730, 739 (9th Cir. 1987), and the defendant must make a “strong  
 11 showing of inconvenience to warrant upsetting the plaintiff’s choice of forum[,]” *Decker Coal Co.*  
 12 *v. Commonwealth Edison Co.*, 805 F.2d 834, 843 (9th Cir. 1986). However, “[i]f the operative  
 13 facts have not occurred within the forum of original selection and that forum has no particular  
 14 interest in the parties or the subject matter, the plaintiff’s choice is entitled only to minimal  
 15 consideration.” *Pac. Car & Foundry Co. v. Pence*, 403 F.2d 949, 954 (9th Cir. 1968). In showing  
 16 that change of venue is appropriate, “[i]t is not enough, without more, to merely shift the  
 17 inconvenience from one party to another.” *Galli v. Travelhost, Inc.*, 603 F. Supp. 1260, 1262 (D.  
 18 Nev. 1985) (citing *Van Dusen v. Barrack*, 376 U.S. 612, 645-646 (1964)).

## 19 **B. Discussion**

20 Watson has failed to meet its burden of showing that transfer is warranted in this case.  
 21 Perhaps Watson’s strongest argument in support of transfer is that Duramed’s choice of forum  
 22 should be given minimal consideration because the operative facts giving rise to this suit did not  
 23 occur in Nevada. In patent infringement cases, the preferred forum is the center of gravity of the  
 24 accused activity, *Saint-Gobain Calmar, Inc. v. Nat’l Products Corp.*, 230 F. Supp. 2d 655, 660  
 25 (E.D. Pa. 2002), which is where the development, testing, research, production, sales, and  
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1 marketing for the accused product occurs, *S.C. Johnson & Son, Inc. v. Gillette Co.*, 571 F. Supp.  
2 1185, 1188 (N.D. Ill. 1983).

3 In the present case, the only evidence Watson offers as to its activity within the Central  
4 District of California is the declaration of Janie Gwinn, Director in the Research and Development  
5 Regulatory Affairs Department of Watson. Ms. Gwinn states that “the strategic decision to prepare  
6 and submit an ANDA for SEASONIQUE® . . . was carried out at Watson’s corporate headquarters  
7 in Corona, California.” (Gwinn Decl. (#15) at ¶ 8.)<sup>3</sup> This evidence is insufficient to meet Watson’s  
8 burden of showing that the center of gravity of the allegedly infringing activity occurred in the  
9 Central District of California. Of course, at present, Watson has not yet manufactured or sold a  
10 generic version of Seasonique. Thus, those factors are not relevant in determining this case’s  
11 center of gravity. However, Ms. Gwinn’s statement concerning the ANDA does not show where  
12 development, testing, and research of the proposed generic equivalent for Seasonique occurred.  
13 Therefore, Watson has not demonstrated that the Central District of California is due any special  
14 consideration as this case’s center of gravity.

15 Moreover the balance of the relevant factors enunciated in *Jones v. GNC Franchising, Inc.*,  
16 211 F.3d 495, 498 (9th Cir. 2000) does not compel transfer. With respect to the state that is most  
17 familiar with the governing law, because this case arises under federal law, this court has the same  
18 familiarity as the United States District Court for the Central District of California.

19 With respect to the plaintiff’s choice of forum, Duramed chose to file this case in Nevada.  
20 While this fact does not carry the same weight it would be afforded if the operative facts arose here,  
21 it is still entitled to substantial consideration.

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23 <sup>3</sup>Ms. Gwinn also states that “the required bioequivalency studies in human patients for Watson’s  
24 ANDA were commissioned and interpreted in California. Therefore, to my knowledge all (or substantially all)  
25 potential witnesses and documents relating to the research and development of Watson’s generic  
26 SEASONIQUE® product are located in California.” (*Id.*) Conspicuously absent from these statements,  
however, is any indication as to which part of California Ms. Gwinn is referring to.

1 In regard to the parties' contacts with the forum, Duramed has not presented any evidence  
2 that it has contacts with Nevada. However, Watson is a Nevada corporation and therefore has  
3 chosen Nevada as its domicile. On balance, this factor weighs against transfer.

4 With respect to the costs of litigation in the two forums, Watson's sole argument is that  
5 litigation in Nevada would require Watson to continue to incur local counsel fees and related costs.  
6 While this may be true, transferring to the Central District of California may only serve to shift the  
7 same burden to Duramed. Moreover, Watson has not provided any competent evidence in support  
8 of its argument. Thus, this factor weighs neither in favor or against transfer.

9 Concerning the availability of compulsory process to compel attendance of unwilling  
10 nonparty witnesses, Watson does not identify any nonparty witness who is unwilling to testify  
11 absent a court order. Thus, this factor does not weigh in favor of transfer.

12 Finally, the eighth *Jones* factor—the ease of access to sources of proof—does not weigh in  
13 favor of transfer. Ms. Gwinn states in her declaration that “to my knowledge, all (or substantially  
14 all) potential witnesses and documents relating to the research and development of Watson's  
15 generic SEASONIQUE® product are located in California.” (Gwinn Decl. (#15) at ¶ 8.) Watson,  
16 however, makes no indication as to where in California these potential witnesses and documents  
17 are. Furthermore, the statement of one witness, who presumably knows nothing about patent law,  
18 as to the sources of proof an infringement action is not very probative.

19 In conclusion, none of the factors weigh in favor of transfer. Although Watson's burden is  
20 lessened because the operative facts of this case do not appear to have arisen in Nevada, Watson  
21 has still failed to show that the interest of justice requires transfer of this case. Watson's motion to  
22 transfer is therefore denied.

### 23 **III. Duramed's Motion to Dismiss and Strike**

24 Duramed moves this court to dismiss Watson's counterclaim for a declaration of invalidity  
25 of the '969 patent. Duramed also asks this court to strike the second and third affirmative defenses  
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1 in Watson's answer.

2 **A. Motion to Dismiss**

3 In considering "a motion to dismiss, all well-pleaded allegations of material fact are taken  
4 as true and construed in a light most favorable to the non-moving party." *Wylar Summit P'ship v.*  
5 *Turner Broad. Sys., Inc.*, 135 F.3d 658, 661 (9th Cir. 1998) (citation omitted). There is a strong  
6 presumption against dismissing an action for failure to state a claim. *See Gilligan v. Jamco Dev.*  
7 *Corp.*, 108 F.3d 246, 249 (9th Cir. 1997) (citation omitted). However, "[f]actual allegations must  
8 be enough to raise a right to relief above the speculative level on the assumption that all the  
9 allegations in the complaint are true (even if doubtful in fact)." *Bell Atlantic Corp. v. Twombly*,  
10 127 S. Ct. 1955, 1965 (2007) (internal citations omitted).

11 Watson's counterclaim for a declaration of invalidity of the '969 patent is supported by an  
12 allegation that "[t]he claims of the '969 patent are invalid because they fail to comply with one or  
13 more of the statutory requirements for patentability set forth in 35 U.S.C. §§ 101 *et seq.*" (Answer  
14 (#13) at ¶ 29.) Duramed is correct that this allegation fails to state a claim. By failing to specify  
15 which of the many possible grounds of patent invalidity it is relying upon, Watson does not put  
16 Duramed on fair notice as to the basis of its counterclaim.<sup>4</sup> *See also Qarbon.com v. eHelp Corp.*,  
17 315 F. Supp. 2d 1046, 1051 (N.D. Cal. 2004) (rejecting as "radically insufficient" under Rule  
18 12(b)(6) the claim that a patent was "invalid and void under the provisions of Title 35, United  
19 States Code §§ 100 *et seq.*, and specifically, §§ 101, 102, 103, and/or 112"). Duramed's motion to  
20 dismiss Watson's counterclaim for a declaration of invalidity of the '969 patent is therefore  
21 granted.

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24 <sup>4</sup>Watson's January 22, 2008, letter to Duramed (Jan. 22, 2008, Letter (#46), Ex. A) does not calculate  
25 into whether Watson's counterclaim survives Duramed's motion to dismiss. In considering a motion to dismiss  
26 for failure to state a claim, a court is limited to the pleading, material properly submitted as part of the pleading,  
and matters subject to judicial notice. *See Lee v. City of Los Angeles*, 250 F.3d 668, 688-89 (9th Cir. 2001).  
Watson's letter is none of these.

1           **B. Motion to Strike**

2           Duramed also seeks to strike the second and third affirmative defenses listed in Watson's  
 3 answer. Pursuant to Federal Rule of Civil Procedure 12(f), "The court may strike from a pleading  
 4 an insufficient defense . . . ." "The key to determining the sufficiency of pleading an affirmative  
 5 defense is whether it gives plaintiff fair notice of the defense." *Wyshak v. City Nat'l Bank*, 607  
 6 F.2d 824, 827 (9th Cir. 1979) (citing *Conley v. Gibson*, 355 U.S. 41, 47-48 (1957)). Thus, the  
 7 court employs the same standard for evaluating Duramed's motion to strike as it applied to  
 8 Duramed's motion to dismiss. See also *Qarbon.com v. eHelp Corp.*, 315 F. Supp. 2d 1046, 1048  
 9 (N.D. Cal. 2004) ("Affirmative defenses are governed by the same pleading standard as  
 10 complaints.")

11           Watson's second affirmative defense provides, "The claims of the '969 patent are invalid  
 12 because they fail to comply with one or more of the statutory requirements for patentability set  
 13 forth in 35 U.S.C. §§ 101 *et seq.*" (Answer (#13) at 5:7-8.) This affirmative defense is identical to  
 14 Watson's counterclaim for a declaration of invalidity of the '969 patent. Because the same  
 15 standard applies to each of these matters—that is, they must put Duramed on fair notice as to their  
 16 substance—the court grants Duramed's motion to strike the second affirmative defense.

17           Finally, the court will deny Duramed's motion to strike the third affirmative defense, which  
 18 states, "Any additional defenses or counterclaims that discovery may reveal, including, but not  
 19 limited to, unenforceability of the '969 patent because of inequitable conduct committed during  
 20 prosecution of this patent." (*Id.*) Unlike the second affirmative defense, Duramed makes no  
 21 showing that it will be prejudiced by inclusion of this affirmative defense in the answer. In its  
 22 opposition, Watson asserts that it has not yet pled inequitable conduct and further asserts its third  
 23 affirmative defense is only intended to "reserve[] its right to plead inequitable conduct in the event  
 24 that it uncovers evidence supporting this defense in the course of discovery." (Opp'n (#46) at 10:3-  
 25 5.) While Watson's assertion essentially admits that the third affirmative defense is superfluous,  
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1 the court will not strike it to merely polish the pleadings. Duramed's motion to strike the third  
2 affirmative defense is therefore denied. *See also Canadian St. Regis Band of Mohawk Indians v.*  
3 *New York*, 278 F. Supp. 2d 313, 325 (N.D.N.Y. 2003) (stating that "[t]he requirement of prejudice  
4 to the plaintiff may be satisfied if the inclusion of the defense would result in increased time and  
5 expense of trial, including the possibility of extensive and burdensome discovery . . . ." (emphasis  
6 omitted).

7 IT IS THEREFORE ORDERED that Defendant Watson's Motion to Transfer (#15) is  
8 DENIED.

9 IT IS FURTHER ORDERED that Plaintiff Duramed's Motion to Dismiss and Strike  
10 Defendant's Counterclaims and Affirmative Defenses (#38) is GRANTED in part and DENIED in  
11 part. Watson is granted 20 days from the date of this order to amend the dismissed counterclaim  
12 and the stricken affirmative defense.

13 IT IS SO ORDERED.

14 DATED this 12th day of December, 2008.



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17 LARRY R. HICKS  
UNITED STATES DISTRICT JUDGE  
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